

**Fall 2022 Edition**

PEER REVIEW PROMPTS



***Are You Preparing for Your Next Peer Review?***

Join us as we walk through the peer review process and learn what you can do to prepare for your next peer review. We will compare the process for undergoing a system review with that of an engagement review and address recent peer review guidance impacting both. You will learn about the required elements of quality control and the impact they have on firms. Also, find out about the most common areas of non-compliance with professional standards uncovered by peer reviewers and how you can avoid them. Featuring resources and tools to assist you in enhancing the quality of your peer review.

Refer to [Are You Ready for Your Peer Review?](https://www.aicpa.org/cpe-learning/course/are-you-ready) for further information.

Resources from the AICPA’s EAQ initiative



Through the [Enhancing Audit Quality Initiative (EAQ)](https://www.aicpa.org/eaq), the AICPA shares resources and education to help you avoid the most common audit quality issues. Check out some of their latest resources:

***Prepare for the new quality management (QM) standards***

In June 2022, four interrelated quality management standards were issued by the Auditing Standards Board and the Accounting and Review Services Committee. The new QM standards require firms to take a risk-based approach and to customize the design, implementation and operation of their system of quality management. Visit [aicpa.org/auditqm](https://www.aicpa.org/topic/audit-assurance/quality-management) to find the latest resources and [webcasts](https://www.aicpa.org/cpe-learning/webcast/new-quality-management-standards-webinar-series) to help your firm move from a quality control system to a quality management system.

The EAQ team shares resources and education to help you avoid the most common audit quality issues. Check out their latest webcasts:

* [Risk Assessment Today](https://www.aicpa.org/cpe-learning/webcast/risk-assessment-today) will help firms to recognize and avoid or overcome common, reoccurring challenges many of which identified by the peer review process
* [Risk Assessment Under SAS No. 145](https://www.aicpa.org/cpe-learning/webcast/risk-assessment-under-sas-no-145) covering the new and updated concepts to drive better risk assessments
* [Remote Auditing: Lessons Learned](https://www.aicpa.org/cpe-learning/webcast/remote-auditing-lessons-learned) discusses best practices as firms navigate the benefits of remote auditing
* [Auditing Fraud Risk in the Current Environment](https://www.aicpa.org/cpe-learning/webcast/understanding-fraud-risks-auditing-during-the-pandemic) addressing where fraud is more commonly identified and how to respond to these risks
* [Take Control of Your Audit: Avoid Common Internal Control Missteps](https://www.aicpa.org/cpe-learning/webcast/take-control-of-your-audit-avoid-common-internal-control-missteps) covering the impact internal control has on your audit engagements and how to avoid common audit missteps identified through our peer review

The 2023 EAQ Areas of Focus were selected by a group of technical committee chairs and internal subject matter experts. Those areas will be:

* [Risk assessment](https://www.aicpa.org/topic/audit-assurance/risk-assessment)
* [Quality management](https://www.aicpa.org/topic/audit-assurance/quality-management)
* [Single audit](http://www.aicpa.org/gaqc)
* [ESG attestation](https://www.aicpa.org/topic/sustainability-esg/sustainability-esg-greater-than-sustainability-assurance)
* [Technology-enabled auditing](https://www.aicpa.org/topic/audit-assurance/audit-evidence)

# Insights and resources to help you navigate your single audits

In light of the unprecedented amount of federal funding potentially resulting in thousands of new single audits or similar types of compliance audits, the [AICPA’s Governmental Audit Quality Center](https://www.aicpa.org/topic/government) (GAQC) has free resources available to help you. Single audits are highly specialized and require additional in-depth technical expertise. Federal pandemic programs have various regulatory and compliance nuances not common to traditional federal funding, so even if you have strong experience performing single audits, make sure to take appropriate training and access the various GAQC resources.

***Ethics. Important information that works for you.***

***Are you on the go and just need the highlights?***

If you haven’t been listening to the *Ethically Speaking* podcast, there’s no better time to start. The short, easily digestible episodes will help you stay current, with show notes providing a deeper dive into answers you may need on a particular subject.

Division staff have been covering some timely topics, such as the employee retention credit, technology, the necessity of critical thinking in daily practice and the DOL’s updated independence guidance.

[Join us for fruitful — and engaging, often fun — conversations on ethics](https://ethicallyspeaking.libsyn.com/).

If you’d like breaking ethics news in your inbox, [send us your email address](mailto:PEECCoordinator@aicpa.org?subject=Put%20me%20on%20the%20list%20for%20Digital%20Dose%20of%20Ethics) and we’ll send you a *Digital Dose of Ethics* once or twice per month. (Don’t worry! We won’t spam you or share your email address and you can unsubscribe anytime.)

***Need to dig deeper into ethical requirements?***

We’re consolidating all AICPA ethics content into the [Online Ethics Library](https://us.aicpa.org/content/aicpa/research/standards/codeofconduct.html?cid=email:aicpa-org:OEL:Online%20Ethics%20Library:aicpa&utm_medium=email&utm_source=aicpa-org&utm_campaign=OEL&utm_content=Online%20Ethics%20Library). You may have accessed the Code of Professional Conduct many times on this platform — and now you’ll be able to find all the content the AICPA Professional Ethics Division publishes.

Currently, in addition to the code, you’ll find the *Plain English guide to Independence*, *Ethics Questions and Answers*, sample case studies, basis for conclusions documents and helpful content on enforcement. We’re adding more books regularly, so keep an eye on that space.

Be sure to bookmark the page or just remember: aicpa.org/ethicslibrary.

AICPA’s Proposed New Quality Control Material (QCM) Content Criteria Support Examinations of Guides and Tools

The AICPA’s Assurance Services Executive Committee (ASEC) issued an [exposure draft](https://www.aicpa.org/news/download/exposure-draft-qcm-content) (ED) titled, *Proposed Criteria for a Description of the Content of Quality Control Materials (QCM) and the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (proposed QCM content criteria),that presents proposed criteria to evaluate QCM content.

Interested parties, including those interested in quality control and quality management issues, are encouraged to submit their comments to [QCMcontentexam@aicpa-cima.com](mailto:QCMcontentexam@aicpa-cima.com) by December 15, 2022.

QCM are written or electronic manuals or tools, including industry- or subject matter-specific materials, intended to support a firm’s system of quality control and promote consistency in performing quality engagements. Examples of QCM include a guide that assists a CPA firm in performing an audit of financial statements or a tool that calculates planning materiality.

The criteria will be used to evaluate QCM content in a new assertion-based examination to be performed under the Statements on Standards for Attestation Engagements (SSAEs). Although not required, a QCM provider, which may be a CPA firm, may engage a practitioner to examine its QCM content (examination) as it relates to the relevant standards and interpretive guidance. For additional assistance, practitioners may also use the upcoming AICPA Guide, *Reporting on an Examination of a Description of the Content of Quality Control Materials (QCM) and of the Content of QCM Related to the Relevant Standards and Interpretive Guidance*. The examination will help CPA firms that use QCM, and their peer reviewers, address the risks associated with the use of QCM and monitor their practices.

Paragraph .12 of QM section 10A, *A Firm’s System of Quality Control*, states that the objective of a firm is to establish and maintain a system of quality control to provide it with reasonable assurance that (*a*) the firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and (*b*) reports issued by the firm are appropriate in the circumstances. A CPA firm establishes policies and procedures to achieve that objective and to promote consistency in the quality of engagement performance. This is often accomplished through the adoption of QCM as an integral part of the firm’s system of quality control. However, the use of QCM may result in risks for the firm.

Some firms have depended on QCM review results performed under the peer review standards to help address those risks. For various reasons, when the Peer Review Board approved the clarified peer review standards, the guidance associated with performing and reporting on QCM reviews was eliminated. QCM content examinations will replace QCM reviews since the engagement will better align with professional standards and the intended level of assurance of an examination engagement under the SSAEs.

The ED complements the [Statement on Quality Management Standards (SQMS) No. 1](https://www.aicpa.org/resources/download/aicpa-statement-on-quality-management-standards-no-1), *A Firm’s System of Quality Management* (QM section 10). The standard requires a firm to establish specified quality objectives, one of which is to obtain or develop, implement, maintain and use appropriate intellectual resources to enable the operation of the firm’s system of quality management and the consistent performance of quality engagements. To achieve the quality objective related to intellectual resources, the standard indicates that one matter a firm may consider when determining whether a resource is appropriate is the results of an attestation engagement performed by an independent third party. An examination of a description of QCM content (description) and QCM content is an example of such an engagement.